

1997 IA 1040A INFORMATION

YOU DO NOT NEED TO FILE A RETURN OR PAY IOWA INCOME TAX IF...

- a. You are single with a net income (line 4 of the IA 1040A) of \$9,000 or less and are not claimed as a dependent on another person's Iowa return.
- b. You are married with a combined net income (line 4 of the IA 1040A) of \$13,500 or less. The combined incomes of both spouses must be used.
- c. You file as head of household with a net income (line 4 of the IA 1040A) of \$13,500 or less.
- d. You are a qualifying widow(er) this year with a net income (line 4 of the IA 1040A) of \$13,500 or less.
- e. You have a net income (line 4 of the IA 1040A) of less than \$4,000 and are claimed as a dependent on another person's Iowa return.
- f. You are a nonresident or part-year resident and meet one of the above requirements.
- g. You are a nonresident or part-year resident and your Iowa-source income is less than \$1,000 unless you are subject to Iowa lump-sum or minimum tax.

YOU WILL RECEIVE A FULL REFUND IF...

...You meet the qualifications for exemption from income tax listed in the instructions on line 4 of the IA 1040A on page 4. Exempt taxpayers do not have to file an Iowa income tax return except to request a refund. If you are exempt from tax and want to stop Iowa tax from being withheld, see your employer and complete a new Iowa W-4.

LOW INCOME BENEFIT (alternate tax computation)

If your filing status is head of household, qualifying widow or widower, married filing separate returns, or joint, you may owe less tax by using the alternate tax computation instead of the tax tables. Generally, if your net income is \$25,000 or less, you may qualify. In special cases, net incomes over \$25,000 may qualify. See page 5. *If you are single, you cannot use the alternate tax calculation.*

ROUNDING OFF TO WHOLE DOLLARS

Use whole dollars to complete your return instead of dollars and cents. To round off, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$129.49 becomes \$129 and \$235.50 becomes \$236.

If you have to add two or more amounts to figure the amount to enter on a line, add them together first, then round off. For example, if you received two W-2 forms, one showing wages of \$5,000.55 and the other for \$18,500.73, add them for a total of \$23,501.28. The amount you enter on line 1 of the IA 1040A would be \$23,501.

TO RECEIVE YOUR REFUND FASTER...

...File your Federal and state returns together electronically. You must, however, use the IA 1040 Long Form to file electronically. Electronic tax filing provides for more accurate returns and faster processing. You can also choose to have your refunds deposited directly into your bank account in as little as three weeks. Paper-filed returns may take 10 weeks. Contact your tax preparer for more information.

10% REDUCTION IN INCOME TAX RATES...

...Is not reflected in this 1997 income tax booklet but will become effective for tax years beginning January 1, 1998. This tax reduction will take effect on the 1998 income tax return to be filed in 1999.

EXEMPTION OF ACTIVE-DUTY MILITARY PAY

A total income tax exemption exists for active-duty military pay of persons in the National Guard or the armed forces military reserve who served overseas pursuant to military orders related to peacekeeping in the Bosnia-Herzegovina area. This exemption is retroactive to November 21, 1995. See page 2.

DOMESTIC ABUSE CHECKOFF

The Domestic Abuse Services checkoff has been reinstated. See page 5, line 17.

NEW POLITICAL PARTY CHECKOFF

Effective February 18, 1997, the Reform Party became an official political party in Iowa. This return now includes a checkoff for donations to the Reform Party. See page 6.

IF YOU OWE IOWA INCOME TAX...

Please use the IA 1040-V Payment Voucher whenever you send a tax payment. Two vouchers are enclosed in this booklet. Iowa does not have a payment plan option. File your return by April 30, 1998. Pay as much tax with the return as you can, and you will be billed for the balance due plus applicable interest and penalty.

INJURED SPOUSE

"Injured spouse" is not recognized by the State of Iowa when completing a jointly-filed Iowa income tax return, filing status 2. If your spouse's refund will be used to pay a Federal, state, county or city debt, you must use the IA 1040 Long Form, filing status 4, married filing separate returns. See IA 1040 instructions for more information.

STANDARD DEDUCTION

The standard deduction is not entered on the IA 1040A. This deduction is already taken in the tax tables of the IA 1040A Short Form.

SCHOOL DISTRICT AND EMERGENCY MEDICAL SERVICES SURTAX

Changes or additions to school district surtax rates and Emergency Medical Services (EMS) surtax rates are listed on page 13. Currently, Appanoose is the only county to enact the EMS surtax.

IA 1040A SHORT FORM GENERAL INSTRUCTIONS

YOU MUST FILE AN IOWA RETURN IF you were a resident, part-year resident or nonresident of Iowa in 1997 and meet any of the following requirements.

NOTE: The income of both husband and wife must be combined in meeting the filing requirements.

- a. You had a net income (line 4 of the IA 1040A) of more than \$9,000 and your filing status is single.
- b. You had a net income (line 4 of the IA 1040A) of more than \$13,500 and your filing status is other than single.
- c. You were claimed as a dependent on another person's Iowa return and had a net income (line 4 of the IA 1040A) of \$4,000 or more.
- d. You were in the military service with Iowa shown as your legal residence even though stationed outside of Iowa.
- e. You were subject to either Iowa lump-sum tax or Iowa minimum tax.
- f. You were a nonresident or part-year resident and your net income from Iowa sources was \$1,000 or more. See IA 1040 instructions for more information.
- g. You were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa minimum tax.

If you owe no tax, you must file a return to get a refund of tax that was withheld from your paycheck. Also, you may be eligible for a refund of the Iowa Child and Dependent Care Credit even if you are not required to file a return. To claim this credit, you must file the IA 1040 Long Form.

WHICH FORM TO FILE

If you are married and both you and your spouse have separate incomes, you may owe less tax if you file separately on a combined return (status 3) or separate returns (status 4). To do this, you must use the IA1040 Long Form. Call 1-800-532-1531 (Iowa only) or 515/281-7239 to order one.

Short Form

Any Iowa resident may use the IA 1040 Long Form, but you may be able to use this easier-to-complete IA 1040A Short Form if:

- a. You were an Iowa resident for the entire year, and
- b. All of your income was from wages, salaries, tips, other employee compensation, unemployment compensation or interest and dividends, and
- c. Your total income subject to tax (line 8, IA 1040A) is \$50,000 or less, and
- d. You do not itemize deductions on your Iowa return. [You may find it beneficial to itemize for Iowa purposes using the IA 1040 Long Form even if you do not itemize on your Federal return.]

Long Form

You must use the IA 1040 Long Form if:

- a. You do not meet all of the qualifications listed above for filing a Short Form, or
- b. You are married filing separate, combined (status 3) or separate (status 4) returns, or
- c. You are required to use the Federal 1040 Long Form, or

- d. You file on a fiscal year basis, or
- e. You made an additional payment of tax with the IA 1040-V Payment Voucher, or
- f. You received capital gain distributions or nontaxable distributions from stock, or
- g. You paid an Iowa estimated tax in 1997 or wish to credit some or all of your refund to your 1998 estimated tax, or
- h. You paid Federal estimated tax in 1997, or
- i. You made payments to an IRA or Keogh plan, or
- j. You are required to pay Iowa lump-sum or Iowa minimum tax, or
- k. You received taxable Social Security benefits, or
- l. You are claiming credits other than personal, dependent or Earned Income credits, or
- m. You are claiming the Child and Dependent Care Credit, or
- n. You received taxable pension or annuity income, or
- o. You are filing electronically, or
- p. You qualify for the Cow-Calf Refund, or
- q. You qualify for the S Corp Credit, or
- r. You qualify for the Health Insurance Deduction, or
- s. You qualify for the Claim of Right Credit/Deduction, or
- t. You qualify for the Research Activities Credit, or
- u. You qualify for the Franchise Tax Credit.

This booklet does not contain an IA 1040 Long Form. Call 1-800-532-1531 (Iowa only) or 515/281-7239 to order this form.

DEADLINE

1997 Iowa income tax returns are due April 30, 1998. Electronic filers must file Federal and State returns at the same time; the Federal deadline is April 15, 1998.

Electronic filing of returns will be accepted through October 15, 1998. Contact your tax professional about filing electronically.

RETURNS MUST BE MAILED TO

Income Tax Processing, Iowa Department of Revenue and Finance, Hoover State Office Building, Des Moines, IA 50319-0120

ADDITIONAL TIME TO FILE

If you owe money and cannot file on time, you must pay at least 90% of the tax you owe by April 30, 1998, to avoid penalty. To do this, use the IA 1040-V Payment Voucher included in this booklet. Use this voucher whenever you make a tax payment.

If you have at least 90% of the tax paid by April 30, 1998, you will automatically have up to six months to file. You do not need to file a form to receive the extension. Penalty will not be applied, but interest will be charged on the unpaid tax.

If you cannot pay at least 90% of the tax, file your return by April 30, 1998, anyway. If you do not file timely, the penalty is 10% of the unpaid tax. If you file by April 30, 1998, without paying, the penalty is 5%.

INCOME TAX REFUND STATUS

For information on the status of your current-year income tax refund, please call 1-800-572-3944 (in Iowa) or 515/281-4966 (local, out of state).

FEDERAL EARNED INCOME CREDIT

You may be eligible for the Federal Earned Income Credit even if you have no Federal or State income tax liability for 1997. For more information, contact the Internal Revenue Service at 1-800-829-1040.

RECORD KEEPING

Iowa income tax returns, Federal returns, and all relevant schedules should be kept for at least three years after filing the return.

AMENDING TAX RETURNS

To amend a 1997 and prior-year return, use an IA 1040X. Attach the Federal 1040X and any amended supplementary Federal forms.

If your original return requested a refund, wait until you receive your refund before filing an amended return to make sure you made no errors on your original return.

If you paid tax with your original return, attach a photocopy of the front and back of your canceled check to your amended return.

If you owe additional tax with the amended return, calculate the tax, penalty and interest due and include a check for that amount with the amended return.

No penalty for additional tax is due if you voluntarily file an amended return and pay all tax due prior to any contact by the Department. However, interest will be due.

DO NOT SEND AMENDED RETURNS WITH THE CURRENT-YEAR RETURN.

MILITARY PERSONNEL

Military service pay is taxable only by the state in which the service member is a legal resident, which is usually the state of residence at the time he/she enters the service. Income of Iowa residents in military service is taxable to the same extent as it is taxable for Federal purposes, even if the Iowa residents are stationed outside of Iowa.

To make a change of residence, you must have physical presence in the new state as well as show intent to establish residency in that state. Intent can be shown by registering to vote, recording a last will and testament, purchasing a home for use as your principal residence, and complying with the income tax laws of the other state if the state has an income tax. Form DD 2058 must also be filed with the military payroll office. A combination of these actions is required to change your state of legal residency.

A spouse of an Iowa resident in the armed forces who was a resident of another state at the time of their marriage will generally not be considered an Iowa resident until he or she has lived in Iowa with the resident spouse.

Retroactive to November 21, 1995, a total income tax exemption is granted on active-duty military pay of National Guard personnel and the armed forces military reserve personnel who served overseas pursuant to military orders related to peacekeeping in the Bosnia-Herzegovina area. To qualify for the income tax exemption, the individual receiving the active-duty military pay must have served overseas due to orders related to peacekeeping in Bosnia-Herzegovina but did not have to serve in the Bosnia-Herzegovina area. To file an amended Iowa income tax return, call 1-800-532-1531 (in Iowa) or 515/281-7239 and request the IA 1040X.

IOWA AND ILLINOIS RECIPROCAL AGREEMENT

Any wages or salary made by an Iowa resident working in Illinois is taxable only to Iowa and not to Illinois. Any wages or salary made by an Illinois resident working in Iowa is taxable only to Illinois and not to Iowa.

An Iowa resident working for wages or salary in Illinois should complete and file Illinois form IL-W-5-NR "Employee's Statement of Nonresidence in Illinois" with the employer so that the employer will withhold Iowa income tax. An Illinois resident working for wages or salary in Iowa should complete and file an Iowa IA 44-016 "Employee's Statement of Nonresidence in Iowa" with the employer so that the employer will withhold Illinois income tax.

Iowa WILL tax any Iowa-source income received by an Illinois resident that is not from wages or salaries. Illinois WILL tax any Illinois-source income received by an Iowa resident that is not from wages or salaries. Examples of income that are not wages and salaries and, therefore, not covered under the Iowa-Illinois Reciprocal Agreement are Iowa gambling winnings and unemployment compensation for employment in Iowa.

If Illinois income tax has been mistakenly withheld from the wages or salary of an Iowa resident, then the Iowa resident must file an Illinois income tax return to get a refund. Any questions on how to complete the Illinois return should be directed to the Illinois Department of Revenue at 1-800-732-8866.

Illinois residents who have had Iowa income tax withheld in error from their wages must file an Iowa income tax return requesting a refund. They should complete Steps 1, 2, and 3 of the IA 1040A, show "0" on line 1 of Step 4 and write "Illinois resident tax withheld in error" on the front of the return. Enter any Iowa tax withheld in error on lines 19 and 20. Sign the return and attach copies of any W-2s, Federal and Illinois returns.

CONFIDENTIALITY AND FAIR INFORMATION PRACTICES NOTICE

Information from your return may be made available to the Internal Revenue Service or to tax officials of another state under a tax information exchange program. Except as allowed by law, information on your return cannot be released to anyone who is not an Iowa Department of Revenue and Finance employee. Any Department of Revenue and Finance employee who discloses tax return information without legal authority is subject to a fine of \$1,000.

If you do not provide necessary information or if you provide fraudulent information, you may be charged penalties and interest and may be subject to criminal prosecution.

CONSUMER'S USE TAX

If you purchase tangible property for use in Iowa from a business located outside of Iowa and the seller does not charge you Iowa sales tax on the purchase, you owe a 5% tax known as the consumer's use tax on the price of the purchase. This includes items purchased from catalogs, magazines and television and radio vendors. Send a separate check payable to "Treasurer State of Iowa" with a note explaining that the check is for consumer's use tax and listing the items purchased and prices. Keep copies for your records.

IA 1040A SHORT FORM RETURN INSTRUCTIONS

Type or clearly print all information on the return and be sure to sign your return.

STEP 1 NAME AND ADDRESS

FILING PERIOD. This return is for calendar year 1997 only.

If this booklet has a pre-printed label, attach it to the return you file. If someone else prepares your return, ask the preparer to use the label. Using the preprinted label will speed up the processing of your return. We are not able to print new labels if yours is lost or destroyed. If any information on the label has changed, **make the corrections directly on the label.** If you did not receive a preprinted label, be sure to fill in all the information. If the information is incomplete, it will slow return processing.

- 1. NAME AND MAILING ADDRESS.** If your name or mailing address has changed since you last filed, make the corrections on the label.
- 2. SOCIAL SECURITY NUMBER.** If you are married and your spouse has a Social Security Number, enter both numbers. The law requires taxpayers to provide Social Security numbers on all tax forms.

Using the preprinted label on your tax booklet will speed processing of your return.

Write changes directly on your label after drawing a line through the incorrect information.

- 3. COUNTY.** The list of Iowa counties and their numbers starts on page 13. If the number on the label is incorrect or if you did not receive a label, enter the number of the county you lived in as of December 31, 1997.

Military personnel should enter "00" unless you actually lived in Iowa on December 31, 1997.

- 4. SCHOOL DISTRICT NUMBER.** The list of school district names, numbers and rates begins on page 13. The district to choose is the one in which you lived on December 31, 1997. This is not necessarily the district where your children attended school.

Military personnel should enter "1111" unless you actually lived in Iowa on December 31, 1997.

OCCUPATION. Examples are doctor, farmer, homemaker, student, and military.

EXAMPLE OF PREPRINTED LABEL

②	CR-RT SORT	CR05
223-45-6789	223-22-4567	
Owens, Randy & Barbara		97S
E. 13th & Walnut		
Des Moines, IA 50319	③ 77-1737 ④	

STEP 2 FILING STATUS

You cannot use this Short Form if you are married and want to file separately on a combined return or on separate returns.

- 1. SINGLE.** Check filing status 1 if you were unmarried, divorced, or legally separated on December 31, 1997, and you do not meet the requirements for any other filing status. All single filers must answer the question, "Were you claimed as a dependent on another person's Iowa return?" **If this question is not answered, you will be taxed as a dependent.**
- 2. MARRIED FILING JOINT RETURN.** Check filing status 2 if you want to report your income, deductions and exemptions together and:
 - You were husband and wife on December 31, 1997.
 - Your husband or wife died during 1997 and you did not remarry during the year.

IF BOTH HUSBAND AND WIFE HAVE IOWA INCOME, YOU MAY PAY LESS TAX IF FILING STATUS 3 OR 4 IS USED. YOU MUST USE THE IA 1040 LONG FORM FOR STATUSES 3 AND 4.

- 5. HEAD OF HOUSEHOLD.** Check filing status 5 if you are filing as "head of household" for Federal income tax purposes. If you have a qualifying person living with you that you cannot claim as a dependent on this return, enter that person's name and Social Security Number. If you are filing as qualifying widow(er) with dependent child for Federal income tax purposes, you cannot file as head of household on your Iowa return.
- 6. QUALIFYING WIDOW(ER) WITH DEPENDENT CHILD.** Check filing status 6 if you meet the requirements for qualifying widow(er) for Federal income tax purposes.

STEP 3 EXEMPTION CREDITS

PERSONAL CREDITS

You (and spouse if filing jointly)

- If you are filing single (filing status 1) or qualifying widow(er) (status 6), enter "1" in the first space. If you are filing joint (status 2) or head of household (status 5), you are eligible for an extra credit and should enter "2" here. (Dependents filing their own returns can claim a \$20 personal exemption credit even though they are claimed as a dependent on another person's Iowa return.)
- 65 or older:** If you were 65 years old or older on or before January 1, 1998, you may take one additional personal credit. If your spouse was 65 years old or older on or before January 1, 1998, and you are filing a joint return (status 2), you may take one additional personal credit for your spouse.
- Blind:** If you were blind on or before December 31, 1997, you may take one additional personal credit. If your spouse was blind

on or before December 31, 1997, and you are filing a joint return (status 2), you may take one additional personal credit for your spouse.

Add the number of personal credits and multiply by \$20. Enter the total dollar amount of \$20 personal credits on the appropriate line.

DEPENDENTS. Enter the number of dependent children and other dependents you are claiming for Federal income tax purposes. Multiply the number of dependents by \$40 and enter the total dollar amount on the appropriate line.

TOTAL EXEMPTION CREDITS. Add the amount of \$20 personal credits and \$40 dependent credits and enter the total in the total exemption credits box. Also enter this amount in Step 5, line 10.

NAMES OF DEPENDENTS. If you claimed any dependents, enter their first name(s). Also enter their last name(s) if different than yours.

STEP 4 INCOME

1. WAGES, SALARIES, TIPS, ETC. Report the same W-2 income as shown on your Federal income tax return. However, individuals covered by IPERS, Peace Officers, Police and Firefighters Retirement Plans, or the Des Moines Teachers Retirement System must report the state wages from Box 17 of your W-2 form. This amount will be different than the Federal wages shown in Box 1 of your W-2 because of a change in the treatment of contributions made to these pension plans.

In addition, unemployment benefits are taxable; use the same amount reported on your Federal income tax return.

2. TAXABLE INTEREST INCOME. Include the same amounts of interest income reported on your Federal return with the following modifications:

- a. Add interest from all state and municipal securities that you own and interest from state and municipal securities you receive from any trust.

However, interest from certain Iowa state and municipal securities is exempt from Iowa tax and should not be included on this line. The following are exempt: Iowa Board of Regents Bonds for buildings and facilities; Iowa College Super Savings Plan Bonds, Iowa Code Chapter 262A; Soil Conservation Districts Revenue Bonds; Iowa Municipality Urban Renewal Bonds, Iowa Code Chapter 403; Low Income Housing Bonds, Iowa Code Chapter 403A; Warehouse Project Revenue Bonds, Iowa Code Chapter 123; Sewage Treatment Works Revenue Bonds, Iowa Code Chapter 16.131; Beginning Farmer Loan Program Bonds, Iowa Code Chapter 175; Underground Storage Tank Fund Revenue Bonds, Iowa Code Chapter 455G; E911 Emergency Telephone Service Program Bonds, Iowa Code Chapter 34A; Iowa Rural Water District Revenue Bonds, Iowa Code Chapter 357A; Aviation Authority Bonds, Iowa Code Chapter 330A; County Health Center Bonds, Iowa Code Chapter 331; Quad Cities Interstate Metropolitan Authority Bonds, Iowa Code Chapter 28A; Municipal Investment Recovery Bonds, Iowa Code Chapter 16; Prison Infrastructure Revenue Bonds, Iowa Code Chapter 16; Local Government Flood Damage Program, Iowa Code Chapter 16.

- b. Deduct interest received from Federal securities (for example, U.S. Savings Bonds, U.S. Treasury Notes). Do not subtract interest from repurchase agreements of U.S. Government securities. The following are not considered Federal securities and are taxable: Government National Mortgage Association (Ginnie Mae) Securities; Federal National Mortgage Association (Fannie Mae) Securities; Federal Home Loan Mortgage Association (Freddie Mac) Securities; Money Market Certificates.

Complete part 1 of your Iowa Schedule B if your interest is more than \$400.

3. DIVIDEND INCOME. Report the same dividends as you reported on your Federal return with the following modifications:

- a. Add all dividends from mutual funds, investment trusts, or regulated investment companies in state and municipal bonds.
- b. Deduct that portion of any net dividends from a mutual fund, investment trust, or regulated investment company that is attributable to Federal securities. Securities income from repurchase agreements involving Federal securities cannot be deducted. You cannot take this deduction unless you are provided a statement from the fund giving the percentage of net dividends attributable to Federal securities. A copy of the statement must be attached to the return to take this deduction.

Complete part 2 of your Iowa Schedule B if your dividends are more than \$400.

4. NET INCOME. Add lines 1, 2, and 3 and enter the total.

QUALIFICATIONS FOR EXEMPTION FROM TAX:

If you qualify for the low income exemption as explained below, enter the words "low income exemption" in the area to the left of your net income figure on line 4. Enter zero on line 8 and line 13 and complete the remainder of the return.

FILING STATUS 1, SINGLE: If you are using filing status 1 (single), you are exempt from Iowa tax if you meet one of the following conditions:

- a. Your net income from all sources, line 4, is \$9,000 or less and you are not claimed as a dependent on another person's Iowa return.
- b. Your net income from all sources, line 4, is less than \$4,000 and you are claimed as a dependent on another person's Iowa return.

ALL OTHER FILING STATUSES: If you are filing jointly, head of household, or qualifying widow(er), you are exempt from Iowa tax if you meet the following condition:

Your net income from all sources, line 4, is \$13,500 or less and you are not claimed as a dependent on another person's Iowa return.

JOINT FILERS: The incomes of both husband and wife must be combined to determine if you meet this exemption from tax.

5. FEDERAL INCOME TAX REFUND RECEIVED IN 1997. If you received a refund of Federal income tax during 1997, you must report the amount on this line. It must be reported even if you used the standard deduction on the prior year's Iowa return. Include the refund you received from your 1996 Federal tax return and any refunds received in 1997 for other years that were amended or that were filed late.

To find out the amount of your Federal refund, you must contact the IRS at 1-800-829-1040. This information is not available at any Iowa Department of Revenue and Finance office.

A refund of Federal tax received in 1997 is not reported if the tax was not deducted from Iowa income in a prior year. Some examples of instances in which you do not report a Federal refund are:

- a. You are filing an Iowa return for 1997 for the first time because you moved into Iowa during the year.
- b. The refund you received was from a year in which you did not take a deduction for the payment of Federal tax because your income was less than the minimum amount for paying Iowa tax or your tax for that year was calculated using the alternate tax computation.
- c. The refund or a part of the refund was Earned Income Credit. Earned Income Credit is not reportable and should be subtracted from the total refund before entering the refund amount.

6. TOTAL. Add lines 4 and 5.

7. FEDERAL TAX PAYMENT. You may take a deduction for Federal income tax paid during your taxable year. Federal income tax paid includes the actual payments made during the year but DOES NOT include penalties and interest or credits which are not refundable (such as investment credit, jobs tax credit, etc.).

- a. Enter the amount listed in the box labeled "Federal income tax withheld" on the W-2 or 1099 form(s) that you received.
- b. Enter the amount of additional Federal income tax paid during 1997 for 1996 and any other years before 1996. The amount of additional Federal income tax paid is deductible only if Iowa income tax returns were filed for the years for which the additional Federal income taxes were paid.

Add lines 7a and 7b and enter on line 7.

8. INCOME SUBJECT TO TAX. Subtract line 7 from line 6 and enter the difference.

STEP 5 TAX CALCULATION

9. TAX FROM TABLES OR ALTERNATE TAX. Compare the regular tax from the tax tables (pages 7-12) with the tax from the Alternate Tax Worksheet below and enter the smaller number on line 9. **The standard deduction amount is factored into the tax tables. Do not subtract the standard deduction.**

ALTERNATE TAX MAY REDUCE TAX LIABILITY. For filing statuses 2, 5, and 6 (**not filing status 1, Single**): If your net income on line 4 is greater than \$13,500, **you may owe less tax** by completing the worksheet below to compute your tax liability. Enter this alternate tax on line 9 if it is less than the tax from the tax table.

ALTERNATE TAX WORKSHEET

1. ENTER net income from line 4, IA 1040A. 1. _____
2. Subtract \$13,500 from line 1, enter the difference on line 3. 2. - \$13,500
3. Income subject to alternate tax. 3. _____
4. Multiply income on line 3 by 9.98%. 4. _____
5. Using the tax tables, determine the tax on the taxable income from line 8 of the IA 1040A and enter here. 5. _____
6. Compare the amounts on line 4 and line 5. Enter the lesser amount here and on line 9, IA 1040A. 6. _____

10. TOTAL EXEMPTION CREDITS. Enter the total amount of exemption credits from Step 3.

11. EARNED INCOME CREDIT. This credit is available to taxpayers who qualify for the Federal Earned Income Credit. To claim the Iowa Earned Income Credit, enter 6.5% of the Federal Earned Income Credit that you claimed on your Federal return.

If you did not file a Federal income tax return, you may wish to review the instructions for Federal 1040 or 1040A to determine if you are eligible to claim the Federal Earned Income Credit. For additional information, contact the Internal Revenue Service at 1-800-829-1040.

12. TOTAL CREDITS. Add lines 10 and 11.

13. BALANCE. Subtract the amount on line 12 from the amount on line 9 and enter the difference. If less than zero, enter zero.

TAX REDUCING INCOME TO LESS THAN \$9,000 FOR TAXPAYERS USING FILING STATUS 1, SINGLE:

Taxpayers using filing status 1 are not eligible to use the alternate tax computation worksheet. However, a single taxpayer who is not claimed as a dependent on another person's Iowa return cannot have a tax figure on line 13 of the IA 1040A that would reduce his or her net income on line 4 of the IA 1040A to less than \$9,000. If subtracting line 13 from line 4 results in a difference of less than \$9,000, the entry on line 13 must be reduced to an amount that allows the taxpayer to keep a net income of \$9,000.

Use the worksheet at the top of the next column to see if you qualify for a tax reduction.

TAX REDUCTION WORKSHEET

1. Enter net income from line 4, IA 1040A. 1. _____
2. Subtract \$9,000 from line 1. Enter the difference on line 3. 2. - \$9,000
3. Result: 3. _____
4. Enter the tax from line 13, IA 1040A. 4. _____
5. Compare line 3 and line 4.
Enter the smaller number here.
If this number is different than the one on line 13, IA 1040A, substitute this number and write "tax reduction" to the left of line 13. 5. _____

14. SCHOOL DISTRICT SURTAX/EMERGENCY MEDICAL SERVICES SURTAX. School districts and counties imposing an income surtax in 1997 are listed beginning on page 13. The applicable school district is the one in which you resided on the last day of the tax year, not necessarily the district where your children attend school. Counties may now impose a countywide Emergency Medical Services (EMS) income surtax. At this time, Appanoose is the only county that has an EMS surtax. Multiply the amount on line 13 by the surtax rate and enter the result. Residents of school districts which do not have a surtax should enter zero on line 14.

CONTRIBUTIONS

Your contribution will reduce your refund or add to the amount you owe. If you amend your return, you cannot change your contribution.

15. FISH AND WILDLIFE FUND (Chickadee Checkoff). You may contribute any amount of \$1 or more to the Iowa Fish and Wildlife Protection Fund. Your contribution through this checkoff is the primary support for Iowa's Wildlife Diversity Program which monitors, researches and manages the state's nongame species of wildlife. According to the Natural Resource Commission policy, 100% of the money donated to this program goes to the Wildlife Diversity Program.



16. STATE FAIRGROUNDS RENOVATION. You may contribute any amount of \$1 or more to this fund. The proceeds from this checkoff will be added to other sources such as gifts, donations and bequests to be used by the Iowa State Fair Blue Ribbon Foundation to fund capital projects and improvements to property on the Iowa State Fairgrounds.



17. DOMESTIC ABUSE SERVICE CONTRIBUTION. You may contribute any amount of \$1 or more to the Domestic Abuse Services Program. Contributions to this check-off are used to provide emergency shelter services, support services, and other services to victims of domestic abuse or sexual assault.



18. TOTAL TAX AND CONTRIBUTIONS. Add lines 13 through 17.

19. IOWA INCOME TAX WITHHELD. Enter the total amount listed in the box labeled "State income tax withheld" on your Iowa W-2s, W-2Gs, and/or 1099s. Copies of the W-2s, W-2Gs, and/or 1099s showing Iowa tax withheld must be attached to the return. Only Iowa withholding should be shown on this line. If you had tax withheld for another state, you must file the IA 1040 Long Form to claim an out-of-state credit.

STEP 6 REFUND OR AMOUNT YOU OWE

20. REFUND. If line 19 is MORE THAN line 18, subtract line 18 from line 19 and enter the difference. This is the amount to be refunded to you. Allow at least 10 weeks to receive your refund check. Any error on your return will delay your refund.

21. AMOUNT OF TAX YOU OWE. If line 19 is LESS THAN line 18, subtract line 19 from line 18 and enter the difference.

IOWA INCOME TAX WITHHOLDING. If the amount you owe (line 21) or the amount you overpaid (line 20) is large, you may wish to file a new IA W-4 with your employer to change the amount of Iowa income tax withheld from your pay.

22. PENALTY. Enter any penalty on this line.

10% Penalty for Failure to Timely File a Return: If you do not file your return by the due date and at least 90% of the correct tax is not paid, you owe an additional 10% of the unpaid tax.

5% Penalty for Failure to Timely Pay the Tax Due: If you file your return on time but do not pay at least 90% of the correct tax due, you owe an additional 5% of the unpaid tax.

23. INTEREST. Enter any interest on this line. Interest must be added to delinquent tax. Interest is added at a rate of 0.8% per month beginning on the due date of the return and accrues each month until you make payment. Part of a month constitutes a whole month, so if you pay the tax on June 1, you are late for May and June for a total interest rate of 1.6% (2 x 0.8%). Contact Taxpayer Services if you need to know the interest that has accrued on the unpaid tax.

24. TOTAL AMOUNT DUE. Add lines 21, 22 and 23 and enter the total. Pay in full the amount due with a check or money order payable to: **TREASURER, STATE OF IOWA.** Write your Social Security Number on the check or money order.

Please complete the enclosed IA 1040-V Payment Voucher and send it and your check/money order with your income tax return. Do **not** staple either the IA 1040-V Payment Voucher or your check/money order to your return or each other.

Iowa does not have a payment plan option. Pay as much as you can with the return, and you will be billed for the balance due. Please do not send cash.

TAX ADJUSTMENTS BY THE DEPARTMENT. If the Department of Revenue and Finance adjusts your return, we will use the tax rates provided by Iowa law. The calculation of your tax liability by the Department may vary up to \$2 from the tax table.

POLITICAL CHECKOFF. You may assign \$1.50 of your Iowa tax to a specified political party or to the Iowa Election Campaign Fund to be distributed among the qualifying political parties. A qualified political party is one whose candidate for President or Governor received at least 2% of the total vote cast in the last general election. A husband and wife may each assign \$1.50 to the party of his or her choice regardless of the filing status of the return. This does not reduce your refund or increase your amount due. This checkoff is an optional feature and is not required to process your return.

DON'T NEED FORMS MAILED TO YOU NEXT YEAR? Taxpayers who pay someone else to prepare their returns probably do not use the income tax return booklets mailed to them each year. If you do not need a booklet mailed to you next year, check the appropriate box above the signature line.

SIGNATURE. You **MUST** sign your return. Returns are not processed and refunds are not issued if returns are not signed. If you and your spouse file a joint return, both of you must sign. Include a daytime telephone number.

If a tax professional prepared your return, he/she must also sign and enter his/her personal or business identification number and phone number.

DECEASED TAXPAYER: If your spouse died and you are filing a joint return, write on the deceased's signature line "Filing as a surviving spouse" and the date of death. Also, attach any forms required to be filed with your Federal return, such as Federal form 1310 or a copy of the court certificate showing your appointment as a personal representative of the decedent.

**Check your return carefully.
Errors will delay processing.**